



## UNITED STATES DEPARTMENT OF EDUCATION

### Federal Student Aid

**TO:** Secretary Rod Paige  
U.S. Secretary of Education

**FROM:** Terri Shaw  
Chief Operating Officer

**RE:** FSA Weekly Report

**DATE:** August 11, 2003

### **THE WEEK AHEAD**

**FSA Software Developers Conference:** On August 14-15, FSA will host the Software Developers Conference in Arlington, VA. This conference provides schools and third party software vendors with information on FSA's data strategy and processing changes for the 2004-2005 school year.

**E-Gov/eLoans:** An August 12, Bill Leidinger will host an eLoans briefing for OMB and partner agency senior leadership. The briefing will provide a status update and review future plans for the initiative.

**Entrance Conference for Common Origination and Disbursement (COD) System:** OIG scheduled an entrance conference for today to review of Federal Student Aid's Common Origination and Disbursement System. The purposes of the review will be to: 1) determine whether COD is meeting original system goals and performance measures; 2) review select COD interfaces; 3) evaluate the management controls over data and data quality in COD; and 4) assess the effectiveness and efficiency of COD security.

### **OPERATIONAL METRICS**

**Application Activities through August 3, 2003:** The Central Processing System (CPS) has processed 9,469,013 applications for the 2003-2004 cycle, an 8.8% increase over the 2002-2003 cycle.

**Program Disbursements:** Through the week ending August 2, annual Pell and Direct Loan disbursements reached \$11.57 billion and \$11.24 billion respectively. Through the week ending August 4, annual FFEL disbursements reached \$25.47 billion. Through June, annual Direct Consolidation Loan disbursements reached \$4.13 billion.

**Total Default Recoveries:** Through the end of July, total FSA default recoveries for the fiscal year reached \$1.352 billion, up 18% year to date. Total non-consolidation recoveries reached \$1.102 billion, up 31% year to date. Combined Recoveries from our private collection agency

efforts reached \$840.1 million, up 33% year to date. Recoveries in each of these areas now exceed the total achieved for all of FY02, with two months remaining in the fiscal year.

**1-800-4-FED-AID through August 2, 2003:** Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 5,634,746 calls, a 2.5% increase over last year. Service levels have increased with 98.8% of calls completed, a 3.8% increase over last year and the average speed to answer reduced by 68.3% over last year to 10 seconds.

Please note, we incorrectly reported the total calls FSAIC received year-to-date in last week's report. The correct figure was 5,393,380 calls, a 2.7% increase over last year.

### **FSA IN THE FIELD**

**FAFSA on the Web:** Last night, FAFSA on the Web reached another milestone receiving the 6.0 millionth 2003-2004 FAFSA on the Web application, exceeding the 5.6 million online applications filed last year.

**Federal Student Aid Information Center (FSAIC):** On August 1, 2003, a Federal Register notice was published announcing the Jacob K. Javits Fellowship Program and inviting applications for FY 2004 awards. The closing date for applicants is October 3, 2003. Applications for the fellowship program are available today from the FSAIC.

**African Methodist Episcopal Church, 15th Quadrennial Convention:** On July 30 – August 3, FSA's Student Aid Awareness (SAA) attended the African Methodist Episcopal Church's 15th Quadrennial Convention where they conducted workshops on planning and paying for college for those in attendance.

### **KEY ISSUES**

**E&Y GA Audit Site Visits:** Ernst and Young completed site visits at five guaranty agencies (GA) as part of the Department's financial statement audit. E&Y tested claim purchases, loan receivable balances, cash collections, subrogated loans, Form 2000 cash payments, and GA business process manual controls. To date, there has been no report of findings by E&Y.

**Questionable Billings:** FSA's Financial Partner Services Southern Region identified 26 lenders that billed the Department for Tax Exempt Special Allowance yet maintained no record of eligible Tax Exempt Bonds. Letters were sent to the 26 lenders informing them of the finding and requesting reimbursement.

**Cohort Default Rates:** The FY 2001 Official Cohort Default Rates were calculated the weekend of August 2 and FSA's Default Management is performing quality control on the data. Upcoming meetings are scheduled with process owners to develop a plan for the September release.

**Identity Theft:** OIG and FSA are working to develop a campaign to educate student loan borrowers about the threat of Identity Theft. Building on OIG's expertise and resources in this

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area, we plan to reach students through FSA's established network of schools, counselors, students and financial partners.

**Sallie Mae Monthly Payment Error:** FSA continues to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 1 million borrowers to make inaccurate monthly payments. FSA, OPE, OGC, and OIG are reviewing policy implications and options for resolution.

### **ON THE HORIZON**

**Common Services for Borrowers (CSB) Procurement:** The Department of Education has received proposals from ACS Education Solutions and Sallie Mae, Inc. in response to its CSB request for proposals. The CSB Source Selection Advisory Committee is now reviewing the respective technical and business proposals. The Committee's objective is to complete its review on a schedule that will permit the Department to award the CSB contract by September 30th.

**Boston Summit:** FSA's Eastern and Northern Regions will be hosting a "Boston Summit" partnership meeting on August 27, 2003 in Boston, MA. The "Boston Summit" is an annual meeting focusing on guaranty agency operations and finance.

### **CONTACT INFORMATION**

Please contact Chris Greene at 377-4003 with any questions.